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FOR IMMEDIATE RELEASE

Tuesday, December 2, 2008

GOVERNOR BARBOUR: NO ONE-TIME FEDERAL MONEY FOR RECURRING EXPENDITURES

PHILADELPHIA, PA – Governor Haley Barbour today cautioned national leaders that if another economic stimulus package is enacted, one-time federal funds awarded to states should only be allowed for non-recurring expenses.

“States are certainly feeling the effects of this economic downturn. We need to kick start the economy, but we do not need to put ourselves in a worse position in years to come by earmarking one-time money for recurring expenditures,” Governor Barbour said.

Governor Barbour’s comments came after governors met with President-elect Obama and other leaders here today. He spoke on his own experience as Mississippi’s Governor for the past five years.

“When I became Governor, Mississippi was burdened with a \$720 million deficit, of which \$400 million was the result of using one-time money for recurring expenses; it took nearly three years to dig out of that budget hole. As a result, I have seen first-hand how postponing tough but necessary fiscal decisions can actually make things worse when budgets are created under the often-illusionary lure of one-time federal dollars,” Governor Barbour said.

Of specific concern is a proposal to increase the federal medical assistance percentage, or FMAP, in the Medicaid program. “This recommendation would only result in an increased burden on state budgets down the road when one-time federal money is no longer available,” Governor Barbour said.

Instead, in the context of another stimulus package states need federal dollars to be dedicated to one-time expenditures, or at least the flexibility to choose to spend federal dollars on one-time expenditures, such as public

works projects or the development of an electronic health records system, he said.

“We learned the importance of managing health records electronically during Hurricane Katrina. Paper records for thousands of Mississippians were destroyed in that terrible storm. An electronic health records system is crucial to managing the health care of our citizens and preserving records in a disaster,” Governor Barbour said.

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